

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

/098 W

-----041325 090044Z /64

P 090031Z AUG 77 ZDK

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 4116

INFO USMISSION GENEVA PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, GATT, MX

SUBJECT: NOTIFICATIONS OF SERVICES RESTRAINTS IN THE MTN

REF: STATE 180217

1. RE MEXICAN RESTRAINTS ON SERVICES CATALOGED IN PARA 4
REFTEL:

A. (RADIO COMMERCIALS): INFO CONTAINED REFTEL ACCURATE.

B. (FIRE INSURANCE): IT IS OUR UNDERSTANDING THAT THE
INSURANCE LAW REQUIRES THAT 50 PERCENT OF THE RE-
INSURED PORTION OF A FIRE INSURANCE POLICY BE PLACED
LOCALLY AND THE BALANCE MAY BE PLACED ABROAD. THUS,
IF A COMPANY WRITING THE ORIGINAL POLICY KEEPS 10
PERCENT OF THE POLICY, 45 PERCENT MUST BE REINSURED
LOCALLY. THE REASON FOR THIS IS THAT FIRE INSURANCE IS
GENERALLY THE MOST PROFITABLE LINE OF INSURANCE. THERE
ARE NO LIMITATIONS ON THE PLACING OF REINSURANCE FOR
OTHER LINES.

C. (IMPORT INSURANCE): IMPORTS MUST BE INSURED ONCE THE
TILE PASSES TO THE IMPORTER. THUS, IF AN IMPORT

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IS SHIPPED FROM NEW YORK TO LAREDO F.O.B., U.S.

INSURANCE CAN BE USED FOR THE U.S. PORTION OF

TRANSPORTATION. ALSO, IF GOODS ARE SHIPPED ON

CONSIGNMENT FOREIGN INSURANCE CAN BE USED FOR THE FULL
TRANSPORTATION.

2. RE OTHER GOM RESTRAINTS ON SERVICES, "ENGINEERS OVER-

SEAS HANDBOOK 1976", PUBLISHED BY USDOC, PROVIDES INFORMATION ON GOM LIMITATIONS ON US ARCHITECTURAL AND ENGINEERING SERVICES. IN ADDITION, MEXICAN LAW SPECIFIES THAT GOVERNMENT CONSTRUCTION CONTRACTS MAY ONLY BE AWARDED TO MEXICAN FIRMS (SEE MEXICO A-126, JUNE 15, 1977).

3. THERE IS NO DOUBT THAT THESE MEXICAN RESTRAINTS ON SERVICES FAVOR NATIONAL OVER FOREIGN FIRMS AND IMPACT ON THE SERVICES ACCOUNT. HOWEVER, DESPITE EXISTENCE OF THESE RESTRAINTS, EMBASSY HAS RECEIVED FEW, IF ANY, COMPLAINTS FROM US FIRMS CONCERNING THEM. IN AREA OF ARCHITECTURAL AND ENGINEERING SERVICES, SOME US FIRMS HAVE ENTERED INTO JOINT VENTURES WITH MEXICAN FIRMS IN ORDER TO DO BUSINESS IN MEXICO. ALSO, WHERE US ENGINEERING FIRM IS KNOWN TO POSSESS EXCEPTIONAL TALENTS IN CRUCIAL AREAS (E.G., NUCLEAR ENERGY), GOM HAS BEEN KNOWN TO CONTRACT DIRECTLY WITH US FIRM FOR SERVICES.

4. ABOVE RESTRICTIONS WERE ALREADY KNOWN TO EMBASSY. NO IN-DEPTH RESEARCH WAS POSSIBLE IN FOUR WORK DAYS AVAILABLE SINCE RECEIPT REFTEL; HENCE THERE IS NO ASSURANCE ABOVE LISTING IS COMPREHENSIVE.

5. GOM LIKELY TO RESIST STRONGLY ANY US REQUESTS OR PRESSURES TO ELIMINATE OR REDUCE RESTRAINTS ON LIMITED OFFICIAL USE

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SERVICES TO THE DETRIMENT OF LOCAL INDUSTRIES. AS DEPT AWARE, MEXICO IS PARTICIPATING IN MTN AS A NON-GATT COUNTRY, WITH DECISION AS TO POSSIBLE ADHERENCE TO GATT TO BE MADE WHEN ALL IS FINISHED. INTRODUCTION OF THIS TOPIC MAY BE CONSIDERED ADVERSE FACTOR BY MEXICO IN ITS DECISION. LUCEY.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, TRADE CONTROLS, RADIO BROADCASTING
Control Number: n/a
Copy: SINGLE
Sent Date: 09-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MEXICO13231
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Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770285-0566
Format: TEL
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770882/aaaacrhc.tel
Line Count: 100
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4781635f-c288-dd11-92da-001cc4696bcc
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Original Classification: LIMITED OFFICIAL USE
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Previous Handling Restrictions: n/a
Reference: 77 STATE 180217
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Withdrawn Fields: n/a
SAS ID: 1664475
Secure: OPEN
Status: NATIVE
Subject: NOTIFICATIONS OF SERVICES RESTRAINTS IN THE MTN
TAGS: ETRD, MX, GATT, MTN
To: STATE
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vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/4781635f-c288-dd11-92da-001cc4696bcc
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